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C O N F I D E N T I A L SECTION 01 OF 02 GUATEMALA 000099

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STATE FOR L/LEI, EB/OIA,
DEPARTMENT OF JUSTICE, MARK MENDELSON, DEPUTY CHIEF, FRAUD
SECTION, CRIMINAL DIVISION ONLY,
USDOC WASHDC, GENERAL COUNSEL, URSULA IANNONE

E.O. 12958: DECL: 01/12/2016

TAGS: [ENRG](#) [EPET](#) [ETRD](#) [EINV](#) [ECON](#) [PGOV](#) [PINR](#) [GT](#) [VE](#)

SUBJECT: VENEZUELAN INTRIGUE IN THE GUATEMALAN OIL MARKET?

REF: STATE 203808

Classified By: DCM Bruce Wharton, Reason: 1.4 (b) and (d)

1. (C) Summary: The Franco-US oil company KLP Industries has contacted the Embassy repeatedly alleging that it is the victim of a plot to revoke an exploration contract it won from the Government of Guatemala (GOG). The contract has, in fact, been revoked by the GOG. KLP believes that it has been disadvantaged by the actions of former Venezuelan Deputy Energy Minister and now US citizen, Evanan Romero. KLP has filed a DOC advocacy request detailing Romero's activities and is requesting USG intervention with the GOG and assistance under the Foreign Corruption Practices Act. End Summary.

2. (C) In a country rife with corruption, KLP's claims may be valid, but the case is murky and may have more to do with cut-throat business practices and influence peddling than outright public sector corruption. KLP has retained US legal counsel and has been advised by post that we can not offer an opinion as to the legality of their claim or Romero's conduct. Nonetheless, the involvement of Venezuelan companies, whether headed by Chavez allies or not, may be of some interest. We welcome Embassy Caracas' comments on the players.

3. (C) Evanan Romero, who has a PhD from Stanford, was Deputy Energy Minister in Venezuela under President Caldera. Prior to that, from 1974-1996, he held numerous high positions at PDVSA and its affiliates. From 5/98 to 2/99 he served as a managing director of PDVSA. Romero gained US citizenship and currently divides his time between Florida, Guatemala and Venezuela. He was invited by the GOG to assist in the development of the Guatemala petroleum industry, and he and his deputy, Fernando Chacarte, are influential advisors to the Guatemalan Energy Minister. By all accounts, Romero is well respected and opposes Hugo Chavez and his policies. However, he is well connected in Venezuela and some of his friends may be close to the GOV.

4. (C) KLP Industries, the US affiliate of KLP France, alleges that Romero is covertly working with the GOV to take over the Guatemalan petroleum industry. Michael Suarez, the US Director of KLP Industries, has detailed to emboffs an elaborate plot master-minded by Romero in collaboration with a Venezuelan friend and contact of Hugo Chavez, Abelardo Bravo. KLP also asserts that USAID funds were used to hire Romero. (Comment: No USG funds have been identified as a source of funding for Romero.)

5. (C) In emails to the embassy and in its response to the DOC advocacy questionnaire, KLP asserts that the "architect of this conspiracy is Evanan Romero who is a US resident with homes in Coral Gables, Florida, and subject to the FCPA," which he appears to have violated in several respects." KLP does not detail further details of the alleged violation.

6. (C) Romero, who was hired by the GOG to prepare the bid package for the contract KLP won, has become very involved in speculation in the Guatemalan oil market. He put together a team of petroleum experts and has used his connections in Guatemala to put forth plans that he freely describes as potentially very profitable. A protege of former Venezuelan Energy Minister Humberto Calderon Berti, Romero allegedly brought in Berti's company, Vetra Energy, and its sometime partner, NCT, to bid on the acreage for which he helped prepare the GOG offer. KLP alleges that Romero has close ties to the Berger administration, the influential company Cementos Progreso, and used them to get Deputy Energy Minister Letona to rescind the contract with KLP.

7. (C) Comment: We have heard rumors of a plot by the GOV to covertly enter the Guatemalan petroleum industry from sources in the GOG and private sector. However, while there is extensive public sector corruption in Guatemala, and even more influence peddling among its small economic elite, we have no solid evidence to support these rumors. Most troubling is the disqualification of KLP Industries from the oil concession it won in open bidding, and President Berger's public announcement that it had not met the qualifications --

which KLP denies. The GOG energy official responsible for assigning oil concessions told us he was fired because he did not go along with what he called a charade designed to select a Venezuelan company. However, assuming that his information is true, it is unclear if this is influence peddling by a Venezuelan American, a plot by the GOV to infiltrate the Guatemalan oil market, or simply sharp business practices.

DERHAM